Hon. Steven W. Rhodes

Federal Bankruptcy Court
211 W. Fort St.
Detroit, MI 48226

Dear Judge Rhodes,

Enclosed is the recent news article : **Calpers welcomes Stockton bankruptcy ruling, says it ' protects pension promises'**

Also attached for your consideration some important facts about pension, medical and annuity cuts that are being imposed on City employees.

Respectfully submitted,


Vinod Sharma, P.E

1553 Boyd Street

Troy, MI 48083

248-703-1597
V Sharma3248 @ gmail.com


Dated: 10-31-2014

FILED
2014 NOV -3 A 10: 51

# Calpers welcomes Stockton bankruptcy ruling, says it 'protects pension promises'

REUTERS
14 hours ago



(Reuters) - The California Public Employees' Retirement System (Calpers) welcomed a ruling by a federal judge on Thursday allowing Stockton to exit bankruptcy in a plan that will not see pensions cut.

U.S. Federal Bankruptcy Judge Christopher Klein gave Stockton, California, the green light to exit bankruptcy after more than two years of proceedings.

His approval of the city's bankruptcy plan means that employee pensions administered by Calpers would not have to take a haircut. [ID:nL1N0SP2K1]

"We are pleased that the City of Stockton will emerge from bankruptcy and can now chart a path forward under a plan of adjustment that protects the pension promises made to its public employees," Anne Stausboll, Calpers chief executive officer, said in a statement.

(Reporting by Tim Reid in Los Angeles; Editing by Lisa Shumaker)

# UPDATE 2-Stockton, California, workers relieved as judge ruling secures pensions

Thu, Oct 30 2014

(Adds Calpers statement, retiree comment, analyst comment)

By Robin Respaut

SACRAMENTO, Oct 30 (Reuters) - Stockton, California, employees breathed a sigh of relief on Thursday as a judge ruled the city could exit bankruptcy, leaving benefits administered by public pension giant Calpers untouched.

The ruling, however, left investors and analysts confused about how pension funds stacked up in terms of their priority of treatment in a bankruptcy proceeding.

Public employees had worried about their pensions after U.S. Bankruptcy Judge Christopher Klein ruled earlier in October that the city's contract with the California Public Employees' Retirement System (Calpers), the largest public pension fund in the United States, could be rejected.

"I don't know if I'm going to dance or cry," said retired Stockton police officer Anthony Delgado.

The plan proposed by the city negotiated the reduction of more than $2 billion of debts. Holdout creditor Franklin Templeton was one of those taking a haircut from its collateral of golf courses and a park, as the judge ruled it would get just over $4 million from an original debt of $36 million.

"It's a good day," said Stockton City Manager Kurt Wilson. "Today really reinforces to the citizens of Stockton that we're going to be in a stable place."

The Stockton case was riddled with questions about whether public employee pensions should be cut along with debts held by bondholders. The city vehemently opposed the idea of cutting pensions, fearing it would be hit by a $1.6 billion termination fee from Calpers and that employees would lose their jobs.

Analysts said those questions about the status of different stakeholders remain to be conclusively answered.

"We need a black and white ruling on this matter," said David Tawil, a former bankruptcy attorney and president of New-York based hedge fund Maglan Capital, which invests in distressed situations.

"At some point we will get to a municipal situation where a city will not be able to function without a compromise of its pension obligations," Tawil said. "This question has been punted on once again."

Calpers welcomed the judge's decision and the city's plan to exit bankruptcy, which it said "protects the pension promises made to its public employees".

A haircut to Calpers pensions would have been unprecedented in municipal bankruptcy, although pensions elsewhere are under pressure in such situations. The judge presiding over Detroit's exit from bankruptcy ruled that pensions could be impaired although cuts were eased by court-ordered mediation.

Klein said he made his decision after examining the alternative of going "back to square one and running up many more millions of dollars for the city."

"I've looked long and hard at the history of this case and the decisions that have been made and considered the alternative," Klein said in court. "This plan, I'm persuaded is the best that can be done in terms of restructuring the debts of the city of Stockton."

Credit ratings agency Standard & Poor's said Stockton's experience showed bankruptcy was unlikely to be an attractive route for other municipalities due to the high legal costs and the "negative campaign" that a city has to make to argue that it is unable to sustainably operate without defaulting. (Additional reporting by Tim Reid in Los Angeles, writing by Megan Davies; Editing by Bernard Orr)

Claw Back:

There was no disclosure of charging interest ( more than 6%) on the 'claw back' money.

Those who were qualified to take the annuity money out from the City after 30 years of service or separation from city and put in the IRA (Individual Retirement Account) have to pay 10% penalty to IRS for the Claw back money.

Stock Market is not doing that bad, Emergency Manager used it to claw back annuity of the employees. The retirement system paid 7.9 % return annually in last 10 years. There were 2-3 years which were very bad. But, for example, in Deferred Compensation Plan, Hartford paid 4% on general account all the time. This year DOW is high and 7-8 % return is very common, then how come emergency manager declared 0% return on annuity.

**Detroit Water and Sewerage department (DWSD) employee pension:**

Water rate payers paid for the pension of water department employees and DWSD was paying it on a regular basis. The City of Detroit did not pay for other departments. Then how come DWSD employees are being penalized for the sake of other city departments.

**Some of other imposed cuts are:**

Medical benefits are almost equal to none, employee has to pay a good amount of money.

There is no Civil Service, there is no negotiation with the labor unions.

For examples engineers do not have signed contracts for about 9 years, Jr. Chemist do not have signed contract for about 6 years.

City imposed furlough on Sr. Associate Engineers, now all engineers and chemists have been imposed 10% wage cuts.

City imposed Election Day as a workday which used to be holiday.

Five (5) bonus vacation, three (3) Swing holidays and five(5) reserved sick days per year have been taken out without any negotiation.

Longevity Pay is not being paid.

Pay scales already are very low, For example an engineer with professional engineer license (P.E) with more than 30 years of experience is making about sixty thousand dollars ($ 60, 000.00) per year. A chemist with Ph. D and more than 30 years of experience is making only about $ 45,000.00.

The whole idea of Emergency Manager and Bankruptcy was to smear the city worker and try to pay off on the back of poor worker. The fault was with administration and corruption.

When City hires contractor, City pays for all the benefits, medical, insurance and pay increases etc. Are we not paying for the medical and other benefits of the professionals trying to resolve bankruptcy at the rate of $ 400 to $ 600 per hour?

**Some people took the decision to serve public and did not move to private sector thinking wages are less but some constant income is there for the old age. Now after dedicating the whole, life, are these cuts and pension cut justified?**

10-31-14